

Message Text

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ORIGIN XMB-04

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O 162228Z DEC 76
FM SECSTATE WASHDC
TO AMEMBASSY KINSHASA IMMEDIATE

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E.O. 11652: N/A

TAGS: EGEN, CG

SUBJECT: EXIM FINANCING FOR INGA-SHABA OVERRUN

REF: KINSHASA 10304

1. AFTER THOROUGH REVIEW, EXIMBANK HAS CONCLUDED IT NOT
PREPARED TO BEGIN DISBURSEMENT OF IDGA-SHABA OVERRUN
FINANCING UNTIL GOZ INTEREST ARREARAGES ARE PAID. AS
EMBASSY AWARE, THIS IS LONG-STANDING EXIMBANK POSITION
THAT HAS BEEN CONVEYED TO GOZ MANY TIMES IN PAST.

2. EXIMBANK CONSIDERS IT MOST INAPPROPRIATE TO BEGIN
INGA-SHABA DISBURSEMENTS IN FACE OF OTHER GOZ DEFAULTS.
AMOUNT OF INTEREST ABOUT 4 MILLION DOLLARS IS MODEST IN
RELATION TO PROPOSED INITIAL 30 MILLION DOLLARS M-K
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DRAWDOWN. EXIM NOTES THAT COMMERCIAL BANKS HAVE NOT
RESCHEDULED AND ARE CURRENT ON ALL INTEREST PAYMENTS.

3. NOT SURPRISINGLY, THERE IS SOME DISCREPANCY BETWEEN
INFORMATION AVAILAPLE HERE AND SAMBWA'S EXPLANATION TO
YOU (REFTEL) AS TO WHY HE CANNOT MAKE 4.2 MILLION DOLLARS

PAYMENT TO EXIMBANK. WE UNDERSTAND THAT GOZ HAS DRAWN DOWN ITS FIRST CREDIT TRANCHE WHICH, TOGETHER WITH ADDITIONAL SUM IN SET ASIDE ACCOUNT SHOULD NET SAMBWA AN ESTIMATED 55 MILLION DOLLARS IN FOREX. SAMBWA HAS MADE FULL PAYMENT OF INTEREST CHARGES UP TO END NOVEMBER TO PRIVATE BANKS IN ACCORDANCE WITH LONDON AGREEMENT. HE HAS NOT REPEAT NOT YET MADE ANY DEPOSITS ON PRINCIPAL PAYMENTS AND IN FACT HAS NOT REPEAT NOT YET EVEN OPENED ACCOUNT FOR THAT PURPOSE. IN ANY CASE, THERE IS NO NEAR TERM TIME TABLE FOR SUCH PRINCIPAL PAYMENTS, MERELY AN AGREEMENT THAT THEY WILL BE MADE AS ONE OF CONDITIONS PRECEDENT TO PRIVATE BANKS' OBLIGATION TO ATTEMPT TO SYNDICATE 250 MILLION DOLLARS LOAN. ALSO WE UNDERSTAND IMF STABILIZATION PROGRAM WILL CERTAINLY REQUIRE SEVERAL MONTHS FOR NEGOTIATION AND APPROVAL.

4. PRESUMING OUR INFORMATION ON FINANCIAL SITUATION CORRECT AS OUTLINED ABOVE WE CANNOT UNDERSTAND WHY GOZ CANNOT ALLOCATE RESOURCES TO PAY EXIMBANK PROMPTLY, THEREBY SETTING IN MOTION DISBURSEMENTS OF SUBSTANTIAL BENEFITS TO GOZ.

5. WE UNDERSTAND MOBUTU HAS NOT YET SIGNED DECREE AUTHORIZING COST OVERRUN ARRANGEMENT. IF THIS ACTION NOT TAKEN PROMPTLY FURTHER DELAYS IN EXIMBANK DISBURSEMENT MAY OCCUR EVEN AFTER ARRANGEMENTS MADE TO PAY INTEREST ARREARAGES.
ROBINSON

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